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ABSTRACT

Figuring depreciation can be the most difficult aspect of filing tax returns for a family child care program. This inventory log for family child care programs is designed to assist in keeping track of the furniture, appliances, and other property used in the child care business; once these items have been identified, they can be deducted as business expenses on income tax forms. The Inventory-Keeper log provides the information needed to claim depreciation deductions for items purchased before the business began and items bought after the business began. The log can also be used for insurance purposes if any items are stolen or destroyed. The log's introduction details the step-by-step procedure for completing the inventory forms, and provides suggestions for determining the fair market value of items; delineates the rules for claiming business expenses on tax returns; and provides other tips for inventory such as maintaining a photograph or videotape record of items. The log next presents detailed, room-by-room listings of potential items, with space available for recording relevant information. A section is included for listing home, home improvements, and land improvements. The log concludes with a sample list of strictly personal items and separate tables for those items. (KB)

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Family Child Care Inventory-Keeper

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The Complete Log for Depreciating and Insuring Your Property

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Family Child Care

Inventory-Keeper

The Complete Log for Depreciating and Insuring Your Property

Tom Copeland, J.D.

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Redleaf National Institute is the national center for the business of family child care. We are committed to improving the quality of family child care by delivering products and services that strengthen the ability of providers to successfully manage their business. We offer national training, telephone and e-mail assistance, publications, and help in handling IRS audits.

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Introduction

The *Family Child Care Inventory-Keeper* is an easy-to-use log that enables family child care providers to track the furniture, appliances, and other items they use in their businesses. Once you identify these items, you can reduce your taxes by depreciating them as business expenses. By filling out the *Inventory-Keeper,* you will have all the information needed to claim depreciation deductions for such items as a washer, dryer, computer, television, VCR, refrigerator, stove, freezer, bed, sofa, lawn mower, microwave, swing set, and so on. You can use the *Inventory-Keeper* to claim depreciation deductions for furniture and appliances that you purchased years before your business began, as well as for items you bought after your business began. The *Inventory-Keeper* can help you identify many deductions that you may have otherwise missed.

Doubles as an Insurance Record

The *Inventory-Keeper* can also be used for insurance purposes if any of your items are ever stolen or destroyed. There is even a section where you can list items that are strictly personal. The *Inventory-Keeper* can track it all.

Useful to Whoever Does Your Taxes

The *Inventory-Keeper* can help you save money whether or not you use a tax preparer. You can give a copy of the filled-out *Inventory-Keeper* to your tax preparer, who will calculate your depreciation deductions for your tax return. Using the *Inventory-Keeper* will save you and your tax preparer time and effort. If you do your own taxes, you can calculate your depreciation deductions with the help of the step-by-step instructions in the latest edition of the *Family Child Care Tax Workbook,* by Tom Copeland. Either way, using the *Inventory-Keeper* can help significantly reduce your taxes.

Claiming Depreciation on Your Property is a Simple Five-Step Process

Step One: Go through your home, identify the items you are using in your business, and enter each item in the *Inventory-Keeper.*

Step Two: Use the information from the *Inventory-Keeper* to claim business deductions on your tax return.

Step Three: Take photographs of the items listed in the *Inventory-Keeper.*

Step Four: Put the photographs and the *Inventory-Keeper* into the enclosed envelope and store it in a safe place away from your home.

Step Five: Update the *Inventory-Keeper* each year by recording when new items are purchased and when old items are sold, given away, or worn out.

Disclaimer: Tax laws are in a constant state of change. This publication is based on tax laws in effect in July 1999 and is sold with the understanding that Redleaf Press and the author are not engaged in rendering legal, accounting, or other professional services. If you require expert tax assistance, obtain the services of a qualified professional.

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How to Fill Out the *Inventory-Keeper*

Start in any room in your home, find the corresponding page in the *Inventory-Keeper*, and begin filling out the log for each item used in your business. Enter items that are not attached to your home and that you would take with you if you moved (such as furniture and appliances) on pages 17–49. Home and land improvements are items that increase the value of your property or prolong its useful life. They would stay with your home if you moved. Examples include ceiling fans, new roof, and a fence. Enter these items on pages 53–54.

Although it is to your advantage to list as many items in the *Inventory-Keeper* as possible, many providers do not claim depreciation on all of their items of lesser value, such as a kitchen clock or a wall hanging. There is no significant tax consequence for not listing such minor items. You can lump together a number of smaller items (kitchen utensils, linen, games, and so on) and report them as one item in the *Inventory-Keeper*. Keep a separate record that lists these items singly. Do not list any item you purchased after your business began that costs less than $100. Such items should be deducted in one year.

If your item does not appear in the *Inventory-Keeper*, record it on one of the blank lines for the room that the item is in.

If one of your items is not in the room as listed in the *Inventory-Keeper*, record it on one of the blank lines in the room where it does appear.

If you have a room that does not appear in the *Inventory-Keeper* (a third bathroom or a sunroom, for example), retitle one of the "Other Room" pages and list the items for that room there.

If you don't have one of the items listed in the *Inventory-Keeper*, leave the space blank. If an item wears out and you replace it, fill out the column "Year Disposed" for the old item and list the new item on one of the blank lines.

If you run out of space on one page, cross out items listed that you don't have and write in your additional items.

Items that are used only for personal purposes (china, antiques, personal dresser, jewelry, and so on) cannot be deducted as a business expense. You may, however, want to record these items on pages 56–59 for insurance purposes in the event they are stolen or destroyed.

Update your *Inventory-Keeper* at the end of each year. Add any new items acquired and indicate which, if any, items were sold, given away, or thrown out. If you give the *Inventory-Keeper* to your tax preparer, make sure you always make a copy for yourself and store it in a safe place away from your home.

Make sure that you always depreciate your home, because it is a significant deduction. When you sell your home, there are special rules to follow that are not affected by claiming this depreciation. See the latest edition of the *Family Child Care Tax Workbook* for details.

How to Fill Out the Information for Each Item

Cost/Year Purchased: Enter the year the item was bought by you or the year it was received as a gift. Enter its cost if you know it. It doesn't matter whether the item was new or used at the time you obtained it.

Month/Year First Used in Business: Enter the month and year the item was first used in your business. If your business began January 1, 1999, and you owned the item before then, enter 1/99. Some providers may want to add the day as well.

Cost or Fair Market Value When First Used in Business: Enter the lower amount of the original purchase price or the fair market value of the item at the time it was first used in your business. The fair market value of property you owned for more than a year will almost always be the lower amount. See pages 9–10 for information on how to estimate the fair market value of an item.

Percentage of Business Use: You must choose one of these three options for each item. Do not fill out more than one box for each item. If you don't know what option to choose because you are not sure how the item will be used for the rest of the year, leave this section blank and wait until the end of the year to fill it out. If an item is only used for personal purposes, list it under the "Strictly Personal Property" section on pages 56–59.

- Time-Space Percentage—Put a check in this box if you use the item for both business and personal purposes. You will calculate your particular Time-Space percentage at the end of each year. The Time-Space percentage is a formula based on the percentage of hours and space that you use your home for your business. See *The Basic Guide to Family Child Care Record Keeping*, by Tom Copeland, for details on how to calculate your Time-Space percentage. Note: For items used by your business and your family, you may also choose to use the actual business-use percent described below.

- 100% Business Use—Put a check in this box if you use the item exclusively for your business. Do not check this box if you use the item at any time for personal purposes. If you have a room that is exclusively used by your business (meaning no occasional personal use on evenings or weekends), all items in this room are 100% business use. If your own child uses the item only during the hours you provide child care, the item is still 100% business use.

- Actual Business-Use Percent—Fill out this box if you use an item extensively, but not exclusively, for business purposes. Enter the percentage of time the item is actually used in your business. For example, if you use a washing machine to do five loads a week for business use and three loads a week for personal use, your actual business-use percent would be 63% (five business loads divided by eight total loads). There is no one way to calculate an actual business-use percent. Some providers use a percentage based on the hours the home is used for business in a year divided by the total number of hours in a year. You must keep written records showing how you calculated your actual business-use percent. Because of this record-keeping burden, most providers who use items for both business and personal purposes choose to use the Time-Space percentage (see above) rather than the actual business-use percent. You can use the Time-Space percentage for some items and an actual business-use percent for other items. Most providers will find that it only makes sense to choose the actual business use percent for more expensive items that are used considerably more than their Time-Space percentage would reflect.

Year Disposed: Record the year when you give away or throw out the item. If you sell it, record the year and the amount received from the sale. The year an item is disposed is the last year you can claim depreciation on it.

Instructions for Other Pages

Summary Value of Your Items: A summary is provided on pages 50-51, where you can total up all your items under the Percentage of Business Use categories as they appear on pages 17–49: Time-Space Percentage, 100% Business Use, and Actual Business-Use Percent. In each case, add up the amounts in the column Cost or Fair Market Value When First Used in Business that correspond to the Percentage of Business Use category you are using. For the Actual Business-Use Percent category, add together all items with the same percentage. After the first year you fill out the *Inventory-Keeper*, return to these summary pages to show the total of the new items purchased for each subsequent year.

Home/Home Improvements/Land Improvements: This section is where you should report these larger expenses associated with your home. See page 52 for details on how to enter these purchases.

Table for Strictly Personal Items: This section is where you can list items that are never used in your business. You cannot claim business deductions for such items, but by listing them in your *Inventory-Keeper,* you now have an indispensable tool for insurance purposes to help you determine the identity and value of your valuables and other personal items if they are destroyed in a fire or flood or are stolen. We have provided you with a sample list of strictly personal items on page 55. Enter the items you own on the blank pages (56–59). List the month and day purchased, the purchase price (or the value of the item if it was received as a gift), the serial number (for valuable items), and the room in which it is located.

Sample Table for the Family Room

	Cost/Year Purchased	Month/Year First Used in Business	Cost or Fair Market Value When First Used in Business	Percentage of Business Use (Choose only one)			Year Disposed
				T/S%	100% Business	Actual Business %	
Bookcase	$200/1992	1/99	$50	X			
Camcorder	$175/1993	1/99	$80			60%	
Camera							
Card table	$50/1990	1/99	$20		X		1999
Chairs	$250/1998	1/99	$100	X			
Clock	$25/1987	1/99	$5	X			
Clock radio							
Couch/sofa	$975/1997	1/99	$600	X			

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How to Value Your Items

Take pictures of all the items you entered in the *Inventory-Keeper*. This will help support your estimate of its fair market value. For each item, do your best to determine a reasonable estimate of its fair market value at the time it was first used in your business. Use the lesser of how much a friend or neighbor would pay you for it or the actual cost to you. Do not use a replacement cost or the original purchase price if the item is more than a year old. There is no IRS-approved method to calculate this. As long as you make a reasonable determination of an item's value, you should not be challenged by the IRS. Here are some tips you can use to determine the fair market value of items:

- If you have the original receipt (or canceled check or credit card statement) or know the original cost for an item, you may want to reduce the original cost by ⅓ for each year that you have owned it (reduce by ⅕ for each year for a computer or printer). For example, if you bought a sofa for $1,000 in 1995 and started using it for your business at the start of 1998, you might estimate its fair market value at $570 ($1,000 - [$1,000 / 7 x 3] = $570). Look at the condition of your property to see if this is a reasonable estimate. Remember, you must use the lesser of the fair market value of the item, at the time you use it for your business, or its original cost. If you've owned an item for more than seven years, use perhaps 5 to 10% of the original price.

- Take pictures of your items to a local used furniture store and ask a salesperson what your items would have been worth when you started using them in your business.

- Estimate what an item would be worth if you tried to sell it at a garage sale.

- Look in the newspaper for the prices of similar items in thrifty want ads.

- Visit a thrift store in your area and base your valuations on their prices of similar items.

- Use the valuations from the booklet "Cash for Your Used Clothing" (Client Valuation Service, 800-875-5927). This booklet can also be used to estimate the value of clothing and other items given to charitable organizations.

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How to Claim Business Depreciation Deductions

For items listed in your *Inventory-Keeper*, you can claim business expenses on your tax return using the following rules.

Items You Owned Before Your Business Began: You cannot claim a deduction for these items in one year. You must depreciate them over a number of years depending on what the item is. For example

- For computer, printer, scanner, and vehicle, use 5-year depreciation rules.
- For all furniture and appliances, use 7-year depreciation rules.
- For fences, landscaping, driveways, wells, and other land improvements, use 15-year depreciation rules.
- For home improvements and the home, use 39-year depreciation rules.

(If you began your business before May 1993, there were different depreciation rules in effect for the home and home improvements. The depreciation rules for all other items were different before 1987. Check IRS **Publication 534 Depreciation** for further information if you began your business before 1987.)

Items You Purchased After Your Business Began: If the item costs less than $100, you can claim this expense in the year you bought it. If the item costs more than $100 and lasts longer than one-year, you must depreciate it under the rules described above. There is an exception to this rule. If the item is used more than 50% of the time for your business, you may use a Section 179 rule and claim the entire business portion of

the cost in the year you bought it. This rule only applies to five-year and seven-year items. Warning: If you use the item less than 50% for your business in later years, or you go out of business before the end of the item's normal depreciation time period (five years or seven years), you will have to pay taxes on some of the amount you claimed under this Section 179 rule.

Depreciation rules are complex and subject to change. Once you start depreciating an item under one set of rules, you must continue using those rules for that item even if the rules later change. If you made an error in your depreciation calculations, you can correct this error in later years. For the most current information on how to depreciate items on your tax return, see the latest annual edition of the *Family Child Care Tax Workbook*.

Is It Worth It to Depreciate All of My Household Items?
Most providers will find that it is well worth it to use the *Inventory-Keeper* to help them claim depreciation deductions for their business. Let's look at an example to see how this works.

You started your business in January 1999 and you listed the following items and their fair market value in the *Inventory-Keeper:*

Stove	$200
Refrigerator	600
Washer	150
Dryer	200
Microwave	100
Bed	400
Freezer	300
Swing set	1,400
Sofa	800
Dining table/chairs	850
Total:	$5,000

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We will assume that your Time-Space Percentage is 35%. The business portion of these items that could be depreciated is $1,750 ($5,000 x 35%). IRS rules require you to depreciate furniture and appliances over seven years (computers and printers must be depreciated over five years). Thus, you would claim $1,750 over the next seven years. On average, this would represent about $250 in business deductions each year.

$5,000	
x 35%	Time-Space Percentage
$1,750	
÷ 7	years
$250	

The actual amount of depreciation deduction each year would vary slightly. Most providers would probably conclude that spending a few minutes recording these items in their *Inventory-Keeper* is well worth the approximate $250 deduction each year for seven years. Because your Time-Space Percentage can change each year, your depreciation calculation may have to be adjusted annually.

What If I Have Been in Business for a Few Years and Haven't Done an Inventory of My Business Items?

Fill out the *Inventory-Keeper* as soon as you decide you want to claim depreciation deductions on the items used in your business. Enter the lesser of the purchase price or fair market value of each item as of when you began using each item for your business. If you have been using furniture and appliances in your business for more than seven years (more than five years for computers and printers), then you are not entitled to any more business depreciation deductions on your current tax return. If some items have been used for less than seven (or five) years, you are still entitled to some deductions on your current tax return. The clock begins to run on claiming depreciation in the first year you begin using an item in your business. This is so even if you don't claim depreciation right away. For example, let's say you bought a refrigerator in 1994 and have used it in your business since then, but have not

claimed any depreciation until 1999. You have missed the first five years of depreciation deductions, but you can still claim it for the last two years.

Can Anything Be Done about the Past Years of Unclaimed Depreciation?

Probably yes. First, you can amend your tax return back three years and recapture your unclaimed depreciation by using **Form 1040X**. Or, second, you can go back further than three years and recapture your unclaimed depreciation if you file **Form 3115 Application for Change in Accounting Method**. To use **Form 3115** you must still own and use in your business the items whose depreciation from earlier years you now want to capture. By filing **Form 3115** you can claim all the previously unclaimed depreciation on your current tax return. This can help reduce your taxes significantly. See the latest edition of the *Family Child Care Tax Workbook* for details on how to fill out **Form 3115**.

Other Tips

Photo Record

Take pictures of all items listed in the *Inventory-Keeper*. Take at least three or four photos in each room to make sure you have recorded every item. On the back of each photo, identify what room is shown and put the month and date the photo was taken. Put the photos in the envelope enclosed in the *Inventory-Keeper* and store them with the *Inventory-Keeper* in a safe place outside of your home (such as a safe deposit box). When you get your pictures developed, have a second set made to give to your insurance agent.

Videotaping

You could also make a video recording of your items. Take a tour of each room and record all business and personal items. Capture everything on tape by opening your kitchen cupboard doors and by showing everything in your closets and storage areas. You may also want to narrate your recording by describing your items in more detail. Keep a copy of the videotape in a safe place outside of your home. You may also want to make an extra copy for your insurance agent.

Insurance Coverage Problems

If items used in your business are destroyed by a natural disaster or are stolen, they may not be fully covered by your existing homeowner's insurance policy. Many homeowner's insurance policies only cover a limited amount of "business inventory" loss. For example, it may only cover $3,000 of the $7,000 worth of swing sets, playground equipment, toys, and children's furniture you own. If these items are destroyed, you would be responsible for the $4,000 difference. Providers who have accumulated a lot of items over the years or who don't have any children of their own living at home should be particularly concerned about having the proper insurance coverage.

Some policies offer no coverage whatsoever for any items used in a business. In addition, if you operate your business out of a building that is detached from your home (for example, a converted garage), your policy probably does not cover either the building or its content because it's considered commercial property. You will need to get a commercial insurance policy. Check your current policy carefully. If you are not fully covered, ask if you can purchase an insurance rider to obtain the necessary coverage. You may also want to see if you can get better coverage of your property through your business liability insurance policy. Every provider should have business liability insurance. Use an independent insurance agent to find a policy in your area (see the Yellow Pages). You may also call the National Association of Child Care Resource and Referral Agencies (202-393-5501) or the National Association for Family Child Care (515-282-8192) for the names of the local agencies and associations in your area that may be able to refer you to an insurance agent.

Operation ID

For personal or business items with a high value (or that are more susceptible to theft), you may want to mark them with a special identification number as part of the police department's Operation ID program. Keep a copy of the recording sheet given to you as part of this program and store it in a safe place outside of your home. Give another copy to your insurance agent.

Tax Tip

Keep track of all the time you spend filling out the *Inventory-Keeper* and taking photographs of your items. If you did this activity after the children in your care were gone, you may count these hours in your Time-Space Percentage. See *The Basic Guide to Family Child Care Record Keeping* for details.

Dining Room

	Cost/Year Purchased	*Month/Year First Used in Business*	*Cost or Fair Market Value When First Used in Business*	*Percentage of Business Use (Choose only one)*			*Year Disposed*
				T/S%	*100% Business*	*Actual Business %*	
Buffet							
Chairs							
China closet/hutch							
Clock							
Curtains/shades/blinds							
Dinnerware							
Glassware							
Lamp							
Mirror							
Pictures/wall decorations							
Rug/carpet							
Silverware							
Table							
Table linen							
Wall shelves							
Window air conditioner			22				

Living Room

	Cost/Year Purchased	*Month/Year First Used in Business*	*Cost or Fair Market Value When First Used in Business*	*Percentage of Business Use (Choose only one)*			*Year Disposed*
				T/S%	*100% Business*	*Actual Business %*	
Bookcase							
CDs/cassettes/records							
Chairs							
Chest							
Clock							
Coffee table							
Couch/sofa							
Curtains/shades/blinds							
Desk							
Fireplace hardware							
Lamps							
Mirror							
Piano							
Pictures/wall decorations							
Pillows							
Planters							

Radio							
Recliner							
Rocking chair							
Rug/carpet							
Stereo equipment							
Table							
Telephone							
Television							
VCR							
Window air conditioner							
Other							

Kitchen/Pantry

	Cost/Year Purchased	*Month/Year First Used in Business*	*Cost or Fair Market Value When First Used in Business*	*Percentage of Business Use (Choose only one)*			*Year Disposed*
				T/S%	*100% Business*	*Actual Business %*	
Blender							
Broiler							
Chairs							
Clock							
Cookbooks							
Curtains/shades/blinds							
Cutlery							
Dishes							
Electric can opener							
Electric cooker/crockpot							
Electric juicer							
Electric skillet							
Food processor							
Freezer							
Glassware							
Microwave oven							

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Mixer							
Pictures/wall decorations							
Portable dishwasher							
Portable trash compactor							
Pots and pans							
Radio							
Refrigerator							
Silverware							
Stove							
Table							
Telephone							
Toaster							
Utensils							
Wall shelves							
Window air conditioner							
Other							

Family Room

	Cost/Year Purchased	*Month/Year First Used in Business*	*Cost or Fair Market Value When First Used in Business*	*Percentage of Business Use (Choose only one)*			*Year Disposed*
				T/S%	*100% Business*	*Actual Business %*	
Bookcase							
Camcorder							
Camera							
Card table							
CDs/cassettes/records							
Chairs							
Clock							
Clock radio							
Computer							
Couch/sofa							
Curtains/shades/blinds							
Desk							
Fan							
Fireplace equipment							
Fish tank							
Games/puzzles							

Lamps							
Mirror							
Musical instruments							
Piano							
Pictures/wall decorations							
Pillows							
Ping-Pong table							
Radio							
Rugs							
Stereo equipment							
Tables							
Tape recorder							
Telephone							
Television							
Toys							
Vacuum cleaner							
VCR							
Wall shelves							
Window air conditioner							
Other							

Play Room

	Cost/Year Purchased	*Month/Year First Used in Business*	*Cost or Fair Market Value When First Used in Business*	*Percentage of Business Use (Choose only one)*			*Year Disposed*
				T/S%	*100% Business*	*Actual Business %*	
Bookcase							
Camcorder							
Camera							
Card table							
CDs/cassettes/records							
Chairs							
Clock							
Clock radio							
Couch/sofa							
Curtains/shades/blinds							
Desk							
Fan							
Fireplace equipment							
Fish tank							
Games/puzzles							
Lamps							

Mirror							
Musical instruments							
Piano							
Pictures/wall decorations							
Pillows							
Ping-Pong table							
Radio							
Rugs							
Stereo equipment							
Tables							
Tape recorder							
Telephone							
Television							
Toys							
Vacuum cleaner							
VCR							
Wall shelves							
Window air conditioner							
Other							

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Master Bedroom

	Cost/Year Purchased	*Month/Year First Used in Business*	*Cost or Fair Market Value When First Used in Business*	*Percentage of Business Use (Choose only one)*			*Year Disposed*
				T/S%	*100% Business*	*Actual Business %*	
Bed/headboard							
Bedside table							
Blankets/bedcovers/ comforters/quilts							
Bureau/dresser							
Chair							
Chest							
Clock							
Curtains/shades/blinds							
Desk							
Fan							
Humidifier							
Lamp							
Linens							
Mattress pad							
Mattresses							

Mirror							
Pictures/wall decorations							
Pillows							
Radio							
Rug							
Sewing machine							
Table							
Telephone							
Television							
Wall shelves							
Window air conditioner							
Other							

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Bedroom #2

	Cost/Year Purchased	*Month/Year First Used in Business*	*Cost or Fair Market Value When First Used in Business*	*Percentage of Business Use (Choose only one)*			*Year Disposed*
				T/S%	*100% Business*	*Actual Business %*	
Bed/headboard							
Bedside table							
Blankets/bedcovers/ comforters/quilts							
Bureau/dresser							
Chair							
Chest							
Clock							
Curtains/shades/blinds							
Desk							
Fan							
Humidifier							
Lamp							
Linens							
Mattress pad							
Mattresses							

Mirror							
Pictures/wall decorations							
Pillows							
Radio							
Rug							
Sewing machine							
Table							
Telephone							
Television							
Wall shelves							
Window air conditioner							
Other							

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Bedroom #3

	Cost/Year Purchased	*Month/Year First Used in Business*	*Cost or Fair Market Value When First Used in Business*	*Percentage of Business Use (Choose only one)*			*Year Disposed*
				T/S%	*100% Business*	*Actual Business %*	
Bed/headboard							
Bedside table							
Blankets/bedcovers/ comforters/quilts							
Bureau/dresser							
Chair							
Chest							
Clock							
Curtains/shades/blinds							
Desk							
Fan							
Humidifier							
Lamp							
Linens							
Mattress pad							
Mattresses							

Mirror							
Pictures/wall decorations							
Pillows							
Radio							
Rug							
Sewing machine							
Table							
Telephone							
Television							
Wall shelves							
Window air conditioner							
Other							

Bedroom #4

	Cost/Year Purchased	*Month/Year First Used in Business*	*Cost or Fair Market Value When First Used in Business*	*Percentage of Business Use (Choose only one)*			*Year Disposed*
				T/S%	*100% Business*	*Actual Business %*	
Bed/headboard							
Bedside table							
Blankets/bedcovers/ comforters/quilts							
Bureau/dresser							
Chair							
Chest							
Clock							
Curtains/shades/blinds							
Desk							
Fan							
Humidifier							
Lamp							
Linens							
Mattress pad							
Mattresses							

Mirror							
Pictures/wall decorations							
Pillows							
Radio							
Rug							
Sewing machine							
Table							
Telephone							
Television							
Wall shelves							
Window air conditioner							
Other							

Hallways

	Cost/Year Purchased	Month/Year First Used in Business	Cost or Fair Market Value When First Used in Business	Percentage of Business Use (Choose only one)			Year Disposed
				T/S%	100% Business	Actual Business %	
Bookcase							
Chair							
Clock							
Curtains/shades							
Lamp							
Mirror							
Pictures							
Rug							
Table							
Other							

Bathroom #1

	Cost/Year Purchased	*Month/Year First Used in Business*	*Cost or Fair Market Value When First Used in Business*	*Percentage of Business Use (Choose only one)*			*Year Disposed*
				1/5%	*100% Business*	*Actual Business %*	
Bath mat							
Clothes hamper							
Curtain/shades/blinds							
Linens							
Mirror							
Pictures/wall decorations							
Rug							
Scale							
Shelves							
Towel rack							
Towels/washcloths							
Other							

Bathroom #2

	Cost/Year Purchased	*Month/Year First Used in Business*	*Cost or Fair Market Value When First Used in Business*	*Percentage of Business Use (Choose only one)*			*Year Disposed*
				T/S%	*100% Business*	*Actual Business %*	
Clothes hamper							
Curtain/shades/blinds							
Linens							
Mirror							
Pictures/wall decorations							
Rug							
Scale							
Shelves							
Towel rack							
Towels/washcloths							
Other							

Office

	Cost/Year Purchased	*Month/Year First Used in Business*	*Cost or Fair Market Value When First Used in Business*	*Percentage of Business Use (Choose only one)*			*Year Disposed*
				T/S%	*100% Business*	*Actual Business %*	
Bookcase							
Chair							
Computer							
Desk							
Fax							
File cabinets							
Photocopier							
Printer							
Scanner							
Table							
Typewriter							
Wall shelves							
Window air conditioner							
Other							

Entryway

	Cost/Year Purchased	*Month/Year First Used in Business*	*Cost or Fair Market Value When First Used in Business*	*Percentage of Business Use (Choose only one)*			*Year Disposed*
				T/S%	*100% Business*	*Actual Business %*	
Carpet sweeper							
Chair							
Clock							
Curtains/shades							
Hats/mittens/gloves							
Lamp							
Mirror							
Pictures							
Rug							
Table							
Umbrella							
Vacuum Cleaner							
Other							

Laundry Room

	Cost/Year Purchased	*Month/Year First Used in Business*	*Cost or Fair Market Value When First Used in Business*	*Percentage of Business Use (Choose only one)*			*Year Disposed*
				T/S%	*100% Business*	*Actual Business %*	
Cabinets							
Chair							
Dehumidifier							
Dryer							
Electric iron							
Fan							
Freezer							
Ironing board							
Sewing machine							
Table							
Tub							
Vacuum cleaner							
Washing machine							
Other							

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Basement

	Cost/Year Purchased	*Month/Year First Used in Business*	*Cost or Fair Market Value When First Used in Business*	*Percentage of Business Use (Choose only one)*			*Year Disposed*
				T/S%	*100% Business*	*Actual Business %*	
Chair							
Dehumidifier							
Dryer							
Fireplace wood							
Freezer							
Hand tools							
Heating unit							
Holiday decorations							
Ladder							
Power tools							
Refrigerator							
Rugs							
Shelving							
Tables							
Washing machine							
Workbench							

Deck/Porch/Back Yard

	Cost/Year Purchased	*Month/Year First Used in Business*	*Cost or Fair Market Value When First Used in Business*	*Percentage of Business Use (Choose only one)*			*Year Disposed*
				T/S%	*100% Business*	*Actual Business %*	
Barbecue							
Grill							
Lawn furniture							
Outdoor shed							
Picnic table							
Playground equipment							
Porch/deck furniture							
Sand box							
Swing set							
Toys							
Other							

Garage/Storage Shed

Note on vehicles: Providers may claim expenses for their vehicles using a standard mileage method or an actual expenses method. See the latest *Family Child Care Tax Workbook* for details.

	Cost/Year Purchased	*Month/Year First Used in Business*	*Cost or Fair Market Value When First Used in Business*	*Percentage of Business Use (Choose only one)*			*Year Disposed*
				T/S%	*100% Business*	*Actual Business %*	
Bicycles							
Chair							
Fireplace wood							
Freezer							
Garbage can							
Garden hose							
Garden tools							
Hedger							
Ladder							
Lawn furniture							
Lawn games							
Lawn mower							
Painting materials							
Power tools							
Snow blower							
Snow shovel							

Spreader							
Sprinklers							
Tiller							
Tools							
Vehicle #1							
Vehicle #2							
Vehicle #3							
Wheelbarrow							
Other							

Attic/Storage Areas

	Cost/Year Purchased	*Month/Year First Used in Business*	*Cost or Fair Market Value When First Used in Business*	*Percentage of Business Use (Choose only one)*			*Year Disposed*
				1/5%	*100% Business*	*Actual Business %*	
Lawn Furniture							
Holiday decorations							
Toys in rotation							
Other							

Other Room

	Cost/Year Purchased	Month/Year First Used in Business	Cost or Fair Market Value When First Used in Business	Percentage of Business Use (Choose only one)			Year Disposed
				75%	100% Business	Actual Business %	

Other Room

	Cost/Year Purchased	Month/Year First Used in Business	Cost or Fair Market Value When First Used in Business	Percentage of Business Use (Choose only one)			Year Disposed
				1/5%	100% Business	Actual Business %	

Other Room

	Cost/Year Purchased	Month/Year First Used in Business	Cost or Fair Market Value When First Used in Business	Percentage of Business Use (Choose only one)			Year Disposed
				1/8%	100% Business	Actual Business %	

Other Room

	Cost/Year Purchased	Month/Year First Used in Business	Cost or Fair Market Value When First Used in Business	Percentage of Business Use (Choose only one)			Year Disposed
				1/0%	100% Business	Actual Business %	

Other Room

	Cost/Year Purchased	Month/Year First Used in Business	Cost or Fair Market Value When First Used in Business	Percentage of Business Use (Choose only one)			Year Disposed
				1/5%	100% Business	Actual Business %	

Summary Value of Your Items

Year_____

Total value of Time-Space Percentage items $ _____

Total value of 100% Business items $ _____

Actual Business-Use Percent items

$ _____ x _____% = $ _____

$ _____ x _____% = $ _____

$ _____ x _____% = $ _____

$ _____ x _____% = $ _____

Total Actual Business-Use Percent items $ _____

Year_____

Total value of Time-Space Percentage items $ _____

Total value of 100% Business items $ _____

Actual Business-Use Percent items

$ _____ x _____% = $ _____

$ _____ x _____% = $ _____

$ _____ x _____% = $ _____

$ _____ x _____% = $ _____

Total Actual Business-Use Percent items $ _____

Year_____

Total value of Time-Space Percentage items $ _____

Total value of 100% Business items $ _____

Actual Business-Use Percent items

$ _____ x _____% = $ _____

$ _____ x _____% = $ _____

$ _____ x _____% = $ _____

$ _____ x _____% = $ _____

Total Actual Business-Use Percent items $ _____

Year_____

Total value of Time-Space Percentage items $ _____

Total value of 100% Business items $ _____

Actual Business-Use Percent items

$ _____ x _____% = $ _____

$ _____ x _____% = $ _____

$ _____ x _____% = $ _____

$ _____ x _____% = $ _____

Total Actual Business-Use Percent items $ _____

Home/Home Improvements/Land Improvements

This section allows you to list your home, home improvements, and land improvements so that you can depreciate them on your tax return. List your home on the special section on the next page. A home improvement is something that increases the value of your home or prolongs its useful life and lasts longer than a year. Examples include a new roof, a new furnace, remodeling the kitchen or family room, adding on a new room, a new deck, and new built-in appliances. A land improvement increases the value of your land (landscaping, trees, fence, new driveway, and so on). Save receipts of your home and land improvement projects and take pictures once they are completed. For details on how to claim depreciation on these projects, see the latest edition of the *Family Child Care Tax Workbook*. For a comprehensive listing of home and land improvements, see *The Basic Guide to Family Child Care Record Keeping*.

Make separate lists in the *Inventory-Keeper* for home and land improvements completed before your business began and those completed after your business began. Total the improvements completed before your business began. These will be added to the cost of your home in calculating your home depreciation deduction. Improvements completed after your business began should be depreciated as separate items.

A repair or maintenance is something that helps retain the value of the home. Examples include fixing a broken window, replacing roof shingles, and cleaning the furnace. Since repairs or maintenance items can be claimed as an expense in the year completed, do not report them on the *Inventory-Keeper*.

For projects completed after your business began, see page 5 to learn how to fill out the Percentage of Business Use.

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Home

Home address _____

_____

_____

Year purchased _____

Purchase price of home $_____

Subtract the value of the land at the time of purchase - $_____

Add the value of the improvements to your home and land completed before your business began. Take this amount from the total cost of projects in the chart below + $_____

The total is your home's business value $_____

Home and Land Improvements Completed Before Your Business Began

Description of Project	Month/Year Completed	Cost of Project

Total cost of all projects completed before your business began $_____

Home and Land Improvements Completed After Your Business Began

Description of Project	*Month/Year Completed*	*Cost of Project*	*Percentage of Business Use (Choose only one)*			*Year Disposed*
			1/N%	*100% Business*	*Actual Business %*	

Sample List of Strictly Personal Items

- Antiques
- Art objects
- Auto equipment
- Beds
- Books
- Bric-a-brac
- Buffet
- Bureau/dresser
- CDs/cassettes/records
- Chandelier
- Chest
- Children's clothing
  - blouses
  - coats
  - dresses
  - hats
  - jackets
  - overcoats
  - pants
  - raincoats
  - shirts
  - shoes
  - slacks
  - suits
  - sweaters
- China
  - breakfast sets
  - dinnerware
  - luncheon sets
  - serving pieces
- Cosmetics
- Crystal
  - bowls/vases
  - cocktail glasses
  - decanters
  - dishes
  - glasses/tumblers
  - pitchers
  - punch bowl sets
- Dressing table
- Electric coffee maker
- Figurines
- Glassware cabinet
- Hair dryer
- Hobby collections
- Jewelry and furs
  - bracelets
  - brooches/pins
  - earrings
  - furs
  - necklaces
  - rings
  - watches
- Linens
- Liquors/wines
- Luggage
- Medicines
- Men's clothing
  - coats
  - formal wear
  - hats
  - neckties
  - pants
  - outer jackets
  - raincoats
  - shirts
  - shoes
  - sport jackets
  - suits
  - sweaters
- Paintings
- Power tools
- Silverware
- Sporting equipment or leisure items
  - art supplies
  - bicycles
  - boating equipment
  - bowling equipment
  - camping equipment
  - exercise equipment
  - fishing tackle
  - golf clubs
  - guns/firearms
  - hunting equipment
  - photography equipment
  - ski equipment
  - tennis equipment
- Storage trunks
- Television
- Toilet articles
- Towels
- VCR
- Women's clothing
  - blouses
  - coats
  - dresses
  - handbags
  - hats
  - jackets
  - lingerie
  - raincoats
  - shoes
  - skirts
  - slacks
  - suits
  - sweaters

Table for Strictly Personal Items

Item	Month/Year Purchased	Purchase Price	Serial#	Room

Table for Strictly Personal Items

Item	Month/Year Purchased	Purchase Price	Serial#	Room

Table for Strictly Personal Items

Item	Month/Year Purchased	Purchase Price	Serial#	Room

Table for Strictly Personal Items

Item	Month/Year Purchased	Purchase Price	Serial#	Room

Redleaf Business Series

Business Essentials for Family Child Care Providers

To place an order or to receive more information, call us toll-free at 800-423-8309, or visit www.redleafinstitute.org: The National Center for the Business of Family Child Care.

Calendar-Keeper
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Learn how to spread the word about your quality child care services!

The Business of Family Child Caring with Tom Copeland
Produced by the Soho Center with Redleaf Press
A video introduction to the business of family child care.

Family Child Care

Inventory-Keeper

Have You Ever Heard These Statements?

"You need a receipt for the item before you can depreciate it."

"You can't depreciate items you owned before you went into business."

"You can't depreciate something if you bought it for your family's use."

What's wrong with the above statements? They're all false.

The *Family Child Care Inventory-Keeper* dispels these myths and makes claiming depreciation easier than ever.

We understand that depreciation can be the most difficult part of doing your taxes. With the *Family Child Care Inventory-Keeper,* we've created an easy-to-use log to track the furniture, appliances, and other property you use in your business. Once these items are identified, they can be depreciated as a business expense. A handy envelope is included for storing photographs of the items for insurance purposes.

The *Inventory-Keeper* includes detailed room-by-room listings that will help save you hundreds of dollars each year. It will also save you and your tax preparer valuable time and effort.

About the Author

Tom Copeland, J.D., is the Director of Redleaf National Institute and is the leading authority on family child care business issues. He is the author of several books.

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